Foreign Agricultural Service
GAIN Report
Global Agriculture Information Network

Required Report - public distribution

Date: 2/24/2000

GAIN Report #KS0016

Korea

Oilseeds and Products

Annual Report

2000

Approved by: **Willaim L. Brant**
U.S. Embassy, Seoul

Prepared by: Sunchul Choi/Michael Henney

Report Highlights: Demand for oilseeds products to service the hotel, restaurant and institution sectors and the swine and poultry sectors is increasing in tandem with the country's economic expansion since the crash of 1998. Local crushers are now more financially solvent and are better able to service new demand requirements of those sectors. Demand for food grade soybeans should remain flat while the biotech issue remains unresolved in many consumers' mind. The United States is expected to remain the major supplier of soybeans and soybean oil but South America will provide stiff competition as the higher oil/higher protein yielding South American bean is attractive to Korean crushers concerned with the low protein level of the U.S. soybean crop. While U.S. soybean oil continues to dominate the Korean edible oil markets, U.S. soybean meal remains uncompetitive.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
Annual Report
Seoul[KS1], KS

<C O N T E N T S>

SECTION I. SITUATION AND OUTLOOK

Oilseed crop production acreage is declining as the 1998-1999 economic crisis encouraged farmers to seek greater crop diversification for hedging of risk purpose. Greenhouse production of vegetables and fruit crops are developing as swing crops for many farmers. The Korean government continues to encourage domestic soybean production via a loan deficiency payment program, but farmers remain hesitant to participate as the government offered set price traditionally is well below the market price at harvest. Soybean production is expected to remain in the 120,000-140,000 MT range for the near-term future although demand for locally grown soybeans is growing within the food processing industry. Total oilseed crop production should hoover around the 200,000 MT range.

Demand for oilseeds products to service the hotel, restaurant and institution sectors and the swine and poultry sectors is increasing in tandem with the country's economic expansion since the crash in 1998. Local crushers, now more financially solvent, are better able to service new demand requirements of those sectors. Crush volume in MY1999/00 is projected at 1.15 million metric tons (MMT). Demand for food grade soybeans should remain flat while the biotech issue remains unresolved in many consumers' mind. Scare campaigns enbolded by some special interest groups proved effective in 1999 at having a temporary debilitating impact on market demand. The Agricultural and Fisheries Marketing Corporation (AFMC), the state trading company, notes it intends to contract for non-GMO soybeans starting the second half of CY2000, to mute consumer activism that interrupted commercial markets in 1999.

Imports of oilseeds, primarily soybeans, should rise to meet increasing demand for oil in the hotel, restaurant and industry (HRI) sectors, and for meal in the compound feed sector, respectively. The United States is expected to remain the major supplier of soybeans but South America is becoming the April-June supply window. Korean crushers are studying more closely the higher oil/higher protein yielding South American bean as the 1999 U.S. soybean crop's low protein level makes it difficult for them to satisfy local requirements.

Total meal consumption is projected upward to service unsatisfied demand in the livestock and poultry sectors resulting from insufficient domestic production. Compound feed production is increasing but higher international commodity prices could dictate a greater amount of grain substitution for meal in formulas until local production increases sufficiently. Protein meal imports composed of soybean meal, rapeseed meal and fishmeal would be most affected.

For the foreseeable future, increasing demand for fats and oils in the HRI, food industry and home use sectors should be satisfied through greater imports as domestic output remains insufficient. The popularity of soybeans oil-based instant noodles should further stimulate demand for soybean oil but eventually increasing domestic production should start displacing some imported oil. Demand for palm oil is very price elastic. With international market prices falling, the food industry is reexamining its current level of use of that oil. Cottonseed oil demand remains tied to the health of the Korean canning industry and to some processed foods. Korea continues to use tariffs to moderate usage of oilseeds. On January 1, 2000, the government increased applied tariffs on feed grade soybean and rapeseed but lowered it on rapeseed oil and sunflowerseed oil. The tariff rates for imported soybean meal and oil and cottonseed oils are controlled by terms in the 1993 U.S./Korean bilateral agreement.

Over the next 3-5 years, the oilseed market is expected to grow at a rate of 3-5 percent a year. With the economic recovery well-entrenched consumption of food and feed grade oilseeds should expand as consumer demand for vegetable oil-based products and animal proteins improves. Imported oilseeds will remain a necessity as domestic production is insufficient to meet market demand. Significant trends that could affect U.S. exports include consumer acceptance of biotechnology and related products; tariff levels applied on seed, meal and edible oils, credit availability at affordable rates, market development efforts promoting consumption of dietary oils.

SECTION II. STATISTICAL TABLES OF OILSEED

Soybean, Oilseed PS&D

PSD Table						
Country	Korea, Republic of					
Commodity	Oilseed, Soybean				(1000 HA)(1000 MT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		10/1998		10/1999		10/2000
Area Planted	98	98	98	87	0	90
Area Harvested	98	98	98	87	0	90
Beginning Stocks	113	117	125	121	0	132
Production	140	140	145	116	0	135
MY Imports	1400	1400	1500	1500	0	1550
MY Imp. from U.S.	1290	1290	1350	1350	0	1400
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	1653	1657	1770	1737	0	1817
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Crush Dom. Consumption	1043	1081	1150	1150	0	1200
Food Use Dom. Consump.	450	420	450	420	0	440
Feed,Seed,Waste Dm.Cn.	35	35	35	35	0	35
TOTAL Dom. Consumption	1528	1536	1635	1605	0	1675
Ending Stocks	125	121	135	132	0	142
TOTAL DISTRIBUTION	1653	1657	1770	1737	0	1817
Calendar Year Imports	1400	1400	1400	1500	0	1550
Calendar Yr Imp. U.S.	1200	1200	1350	1350	0	1400
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

Soybean Import Trade Matrix:

Import Trade Matrix			
Country	Korea, Republic of		
Commodity	Oilseed, Soybean		
Time period	OCT/SEP	Units:	1,000 MT
Imports for:	1997		1998
U.S.	1162	U.S.	1290
Others		Others	
Brazil	137	Brazil	71
Paraguay	32	Paraguay	0
China	6	China	35
Total for Others	175		106
Others not Listed	3		4
Grand Total	1340		1400

Source: Korea Customs Service (KCS)

Revised Soybean, Oilseed PS&D for MY1997/98

Country	Korea, Republic of	
Commodity: Oilseed, Soybean (1000 HA, 1000 MT)		
Beg. Month/Year of MY:	10/97	
	Revised 1997	
MY OCT./SEPT.	Old	New
Area Planted	100	100
Area Harvested	100	100
Beginning Stocks	184	184
Production	156	156
MY Imports	1340	1340
MY Imp. from U.S.	1162	1162
MY Imp. from the EC	0	0
TOTAL SUPPLY	1680	1680
MY Exports	0	0
MY Exp. to the EC	0	0
Crush Dom. Consumption	1113	1149
Food Use Dom. Consumption	419	379
Feed, Seed, Waste Dm. Cn	35	35
Total Dom Consumption	1567	1563
Ending Stocks	113	117
TOTAL DISTRIBUTION	1680	1680
Calendar Year Imports	1413	1413
Calendar Yr Imp. U.S.	1358	1358
Calendar Year Exports	0	0
Calendar Yr EXp. to U.S.	0	0

KOREA: Oilseed Area and Production 1998 - 2000

KOREA: Oilseed Area and Production 1998 - 2000 (Hectares and Metric tons)						
Crops	1998		1999 a/		2000 b/	
	Acreage	Prod.	Acreage	Prod.	Acreage	Prod.
Soybean	97,682	144,000	87,000	116,000	90,000	135,000
Rapeseed	954	1,152	1,100	1,300	1,000	1,000
Peanuts c/	7,483	13,773	7,500	14,000	7,500	14,000
Sesame	52,814	27,725	50,000	28,000	50,000	28,000
Perilla	34,944	26,954	35,000	27,000	35,000	27,000
Total	193,777	213,604	180,600	186,300	183,500	205,000

a/ Agricultural Affairs estimate for peanuts, sesame and Perilla.
b/ Agricultural Affairs forecast
c/ in-shell
Source: Ministry of Agriculture and Forestry (MAF).

KOREA: AFMC/NACF Soybean Purchase Prices

KOREA: AFMC/NACF Soybean Purchase Prices (Korean Won per kilogram)			
Crop Year	1997	1998	1999
No. 1 Grade	1,502	1,585	1,823
No. 2 Grade	1,433	1,512	1,739
Off Grade	1,061	1,119	1,141
Total Quantity (MT)	5,488	5,956	1,630

Source: National Agricultural Cooperatives Federation (NACF)

KOREA: 1999 Yellow Soybean Prices

KOREA: 1999 Yellow Soybean Prices (Korean Won/Kg)			
Month	Farm Gate Prices 1/	Wholesale Prices 2/	
		Local Soybean	Imported Soybean
January	2,258	2,830	na
February	2,258	2,857	na
March	2,258	2,857	na
April	2,280	2,857	na
May	2,311	2,857	na
June	2,340	2,989	na
July	2,584	3,016	na
August	2,584	3,183	na
September	2,611	3,222	1,900
October	2,633	2,838	1,469
November	2,953	3,352	1,564
December	na	2,643	na

1/ Grade B
2/ Grade A
Exchange rate: Jan.-Oct. average is 1,196 Korean Won per 1 US$.
Source: National Agricultural Cooperatives Federation (NACF),
The Seoul Agricultural and Marine Products Wholesale Market Management Corp.

KOREA: Soybeans Consumption For Food Manufacturing

KOREA: Soybeans Consumption For Food Manufacturing (Calendar year, metric tons)			
Item\Year	1997	1998	1999
Soybean Curd	132,681	132,995	128,500
Soy Sauce	32,948	29,508	32,200
Soy Paste	7,824	7,179	6,600
Soy Milk	25,027	18,216	18,900
Others 1/	6,763	5,681	5,400
Total	205,243	193,579	191,600

Note: Quantity is on the basis of cleaned soybean.
1/ Supply for government and military employees and others.
Source: Agricultural & Fisheries Marketing Corporation (AFMC)

KOREA: Soybean Consumption for Crushing

KOREA: Soybean Consumption for Crushing (MT)			
Month	MY 97/98	MY 98/99	MY 99/00
October	101,794	100,647	136,176
November	117,961	92,202	108,000
December	103,765	106,470	139,000
January	79,081	108,760	-
February	80,994	66,860	-
March	95,730	76,421	-
April	114,984	66,374	-
May	93,057	101,689	-
June	96,861	92,053	-
July	88,913	96,002	-
August	86,807	85,348	-
September	89,473	88,298	-
Total	1,149,420	1,081,124	-

Source: Korea Soybean Processing Association

KOREA: Oilseed Imports

KOREA: Oilseed Imports (Metric Tons & $,000)				
	MY 1997/98		MY 1998/99	
	Volume	Value	Volume	Value
Soybean	1,340,200	394,947	1,400,038	316,532
Linseed	3,151	1,093	8,330	2,218
Rapeseed	0	0	1,028	307
Peanuts 1/	5,761	4,836	4,927	2,801
Sesameseed	56,891	46,221	54,521	46,933
Cottonseed	35,551	7,133	63,860	12,176
Sunflowerseed	940	1,145	611	722
Perilla Seed	12,078	6,255	10,612	5,654
Total	1,454,572	461,630	1,543,927	387,343

1/ Shelled Basis
Source: Korea Customs Service

KOREA: Tariff Schedule For Oilseeds

KOREA: Tariff Schedule For Oilseeds				
Commodity	H.S. Code	1998	1999	2000
Soybean 1/	1201.00.0000	5(1)	5(2)	5(3)
Peanuts, in Shell	1202.10.0000	40	40	40
Peanuts, Shelled	1202.20.0000	34.7	32.9	30.4
Copra	1203.00.0000	3	3	3
Linseed	1204.00.0000	3	3	3
Rapeseed 2/	1205.00.0000	30(10)	30(10)	10
Sunflowerseed	1206.00.0000	25	25	25
Cottonseed	1207.20.0000	3	3	3
Castor beans	1207.30.0000	3	3	3
Sesame seed 3/	1207.40.0000	40	40	40
Safflowerseed	1207.60.0000	3	3	3

Note: The Seed Industry Act restricts imports of listed commodities for planting seed purpose.

1/ The number in parenthesis is the applied (temporary) duty. The applied duty is assessed on the first 700,000 MT of soybeans imported for crushing purposes. Soybeans imported Out-of-Quota are assessed a tariff of 508.6 percent or Korean won 998/Kg, whichever is greater.
2/ The number in parenthesis is the applied (temporary) duty on all rapeseed imported.
3/ The In-Quota amount is 6,731 MT. Sesame imported Out-of-Quota is assessed a tariff of 658 percent or Korean won 6,956/Kg, whichever is greater.

Source: Korea Customs Research Institute, Tariff Schedules of Korea.

SECTION III. TOTAL OILSEEDS

Production

In MY1999/2000, soybean production is estimated at 116,000 MT, down 17 percent from MY1998/99 due to drier than normal weather and fewer areas planted to the crop. Soybean acreage declined to 87,000 hectare, down 10 percent from the previous year, as farmers planted acreage to other cash crops.

In MY 2000/01, acreage planted to soybean should remain unchanged or slightly higher than in MY 1999/00 as market prices for locally produced soybeans have strengthen marginally since July 1999.

Though government purchase price for 1999 crop increased 15 percent over the previous year, the government failed to reach its purchasing program target of 19,300MT. The Agricultural & Fishery Marketing Corporation (AFMC), the state trading company, purchased only 1,630 MT, or 1.4 percent of the 1999 soybean crop.

Consumption

The MY 1999/00 crush volume is projected to reach 1.15 MMT. The country's economic recovery is generating greater demand for locally processed soybean products which have been in short supply since two major crushers experienced difficulties during the financial crisis. Soybean meals competitive price vis-a-vis other protein meals enhances its demand in the livestock sector.

In MY2000/01, the strengthening economy and recovering consumer demand for finished livestock products is expected to elevate soybean disappearance to levels last experienced in 1997.

In CY1999, demand for food grade soybeans dampened at year's end due to the country's economic turbulence then to the biotech/GMO controversy. The biotech/GMO soybean issue continues to influence the Korean food grade soybean market as ill-informed special interest groups employ a negative "scare-focused" campaign to discredit the technology. The soybean curd industry reacted to one such campaign which resulted in a halving of sales for a week by taking the Korean Consumer Protection Board (KCPB), a Ministry of Finance and Economy subsidized special interest group, to court over its slanderous statements. The case is still in the court system but since its filing, the KCPB has kept a low profile on this issue.

In MY 1998/99, crushing volume totaled 1.08 MMT due to the negative impact of the economic crisis on the domestic processing and livestock sectors.

For MY1997/98 soybean crush consumption was revised to account for bean disappearance for soy sauce processing.

Trade

In MY1999/2000, soybean imports are projected at 1.53 MMT to meet the increased demand for oil by the hotel, restaurant and industry sectors, and for meal by the compound feed industry, respectively. The United States is expected to be the primary supplier but South America may prove a spoiler if the protein level of the U.S. bean proves substandard. Imported oilseeds are expected to be composed nearly totally of soybeans augmented by minor oilseeds such as rapeseed, cottonseed, sesame seed and Perilla seed brought in to serve niche market needs. Cottonseed is used in the dairy sector.

In MY 2000/01, soybean imports are forecast to expand as the expected recovery in the economy should bring increased demand for oil by the hotel, restaurant and industry sectors, and for meal by the compound feed industry, respectively.

In MY 1998/99, soybean imports increased to 1.4 MMT on the strength of strong demand in the food soybean market. Soybean import for food purpose increased to 336,983 MT, up 30 percent from the previous year, while that for oil crushing decreased slightly. Private traders imported 35,621MT from China, in the process paying the higher tariff for out-of-quota imports of 514 percent or Korean won 1,009/kg, whichever is greater. The U.S. supplied 92 percent of Korea's imported soybeans, in part due to USDA's GSM-102 credit guarantee program which enabled importers to secure adequate financing.

As the controversy over biotechnology increases, several food processors are entering the world markets to source non-GMO soybeans.

Korean crushers are concerned about the lower protein content of the 1999 U. S. soybean crop. A 35 percent protein content minimum soybean is required to produce the meal demanded by Korean feed millers. South American soybeans are becoming attractive as the price gap between U.S./South American bean narrow to less than US$10 per MT.

Trade Policy

Under the Korea's Current Market Access (CMA) commitment, Korea retains restrictions on soybean imports both for crushing and for food manufacturing purposes. In CY 2000, the CMA tariff rate quota is 846,365 MT for feed grade oilseeds and 185,757 MT for food grade oilseeds. The CMA in-quota tariff is 5 percent. The government has displayed flexibility in the quota ceiling on occasion. The CMA out of quota tariff is 508.6 percent or Korean Won 998/Kg, whichever is greater. However, the Korean government actually only applies a 3 percent tariff on the first 700,000MT imported for feed use in the first half of CY2000.

Marketing

Soybean trade is driven by oil demand in the processed food sector. Meal demand in the compound feed sector is a secondary factor. Food grade soybean is imported to stablize the retail market. The Agriculture and Fishery Marketing Corporation (AFMC), a state-trading organization, purchases all domestically produced and imported food-grade oilseed. AFMC uses profits generated from sale of imported oilseeds to finance the government's domestic purchase program. In CY1999, AFMC's average released price for imported food-grade soybeans was Korean Won 700/Kg (equivalent to US$580/MT). In CY2000, the released price remains unchanged.

Commercial imports of food grade soybeans under quota are done via quota allocations acquired from AFMC. Imported food grade soybeans are targeted for the bean sprout market. In CY 1999, 30,000 MT of food grade soybean were imported from China.

Market Development Opportunities

The controversy over biotechnology is creating both new challenges and new opportunities for U.S. soybeans. The primary challenge will be to over come consumer concerns on product safety. Opportunities abound for both biotech-enhanced and traditional beans as markets for both remain open. The Ministry of Agriculture and Forestry does plan to implement labeling regulations in March 2001. Proposed regulations have been issued for public comment with final rule adoption scheduled for the spring 2000. AFMC is charged with importing food grade soybean under quota. It has stated that it intends to tender for non-GMO soybeans later in CY2000 and that it expects to pay a 30 percent premium to ensure beans are fully segregated during transportation.

Competitor's Activities

Brazil is challenging the U.S. in the feed grade soybean market, promoting its product' relative high protein and oil content as marketing points. China and Canada are challenge the U.S.' dominance in the food grade soybean market, engaging in barter and promotional activities to try and gain a marketing advantage. Both countries offer products of sufficient quality to fill various niche markets.

GSM-102

In 1999, Korean crushers registered sales of US$66 million under the USDA GSM-102 program. Domestic bankers have limited usance loans to 120 days on account of outstanding questions on the financial soundness of crushers. Such questions seem to be fading as CY2000 progresses.

SECTION II. STATISTICAL TABLES OF MEALS

Soybean Meal PS&D

PSD Table						
Country	Korea, Republic of					
Commodity	Meal, Soybean				(1000 MT)(PERCENT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		10/1998		10/1999		10/2000
Crush	1043	1081	1150	1150	0	1200
Extr. Rate, 999.9999	0.791946	0.791859	0.791304	0.791304	0	0.791667
Beginning Stocks	633	642	661	684	0	649
Production	826	856	910	910	0	950
MY Imports	1097	1097	850	900	0	850
MY Imp. from U.S.	12	12	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	2556	2595	2421	2494	0	2449
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consump.	45	45	45	45	0	45
Feed Waste Dom. Consum	1850	1866	1800	1800	0	1800
TOTAL Dom. Consumption	1895	1911	1845	1845	0	1845
Ending Stocks	661	684	576	649	0	604
TOTAL DISTRIBUTION	2556	2595	2421	2494	0	2449
Calendar Year Imports	1100	1154	850	900	0	850
Calendar Yr Imp. U.S.	1	1	0	0	0	0
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

Soybean Meal Import Trade Matrix:

Import Trade Matrix			
Country	Korea, Republic of		
Commodity	Meal, Soybean		
Time period	OCT/SEP	Units:	1,000MT
Imports for:	1997		1998
U.S.	303	U.S.	11
Others		Others	
Brazil	230	Brazil	329
India	289	India	565
China	7	China	4
Argentina	51	Argentina	186
Total for Others	577		1084
Others not Listed	0		2
Grand Total	880		1097

Source: Korea Customs Service (KCS)

Revised Soybean Meal PS&D for MY1997/98

Country	Korea, Republic of	
Commodity: Meal, Soybean (1000 HA, 1000 MT)		
Beg. Month/Year of MY:	10/97	
	Revised 1997	
MY OCT./SEPT.	Old	New
Crush	1113	1149
Extr. Rate, 999.9999	0.7915	0.7920
Beginning Stocks	615	615
Production	881	910
MY Imports	880	880
MY Imp. from U.S.	303	303
MY Imp. from the EC	0	0
TOTAL SUPPLY	2376	2405
MY Exports	71	71
MY Exp. to the EC	0	0
Industrial Com. Consum	0	0
Food Use Dom. Consumption	45	45
Feed, Waste Dm. Cn	1627	1647
Total Dom Consumption	1672	1692
Ending Stocks	633	642
TOTAL DISTRIBUTION	2376	2405
Calendar Year Imports	930	930
Calendar Yr Imp. U.S.	312	312
Calendar Year Exports	68	68
Calendar Yr EXp. to U.S.	0	0

Rapeseed Meal PS&D

PSD Table						
Country	Korea, Republic of					
Commodity	Meal, Rapeseed				(1000 MT)(PERCENT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		10/1998		10/1999		10/2000
Crush	1	2	1	2	0	2
Extr. Rate, 999.9999	1	0.5	1	0.5	ERR	0.5
Beginning Stocks	186	186	137	181	0	177
Production	1	1	1	1	0	1
MY Imports	300	283	430	300	0	300
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	487	470	568	482	0	478
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	50	55	50	55	0	55
Food Use Dom. Consump.	0	0	0	0	0	0
Feed Waste Dom. Consum	300	234	400	250	0	250
TOTAL Dom. Consumption	350	289	450	305	0	305
Ending Stocks	137	181	118	177	0	173
TOTAL DISTRIBUTION	487	470	568	482	0	478
Calendar Year Imports	300	270	430	300	0	300
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

Rapeseed Meal Import Trade Matrix

Import Trade Matrix			
Country	Korea, Republic of		
Commodity	Meal, Rapeseed		
Time period	Oct/Sep	Units:	1,000 MT
Imports for:	1997		1998
U.S.	0	U.S.	0
Others		Others	
China	3	China	110
Canada	53	Canada	93
India	369	India	73
Total for Others	425		276
Others not Listed	1		7
Grand Total	426		283

Source: Korea Customs Service (KCS)

Fish Meal PS&D

PSD Table						
Country	Korea, Republic of					
Commodity	Meal, Fish				(1000 MT)(PERCENT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		01/1999		01/2000		01/2001
Catch For Reduction	0	0	0	0	0	0
Extr. Rate, 999.9999	ERR	ERR	ERR	ERR	ERR	ERR
Beginning Stocks	6	6	6	6	0	6
Production	45	40	45	40	0	40
MY Imports	25	29	25	30	0	30
MY Imp. from U.S.	3	3	3	3	0	3
MY Imp. from the EC	5	5	5	5	0	5
TOTAL SUPPLY	76	75	76	76	0	76
MY Exports	2	2	2	2	0	2
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consump.	0	0	0	0	0	0
Feed Waste Dom. Consum	68	67	68	68	0	68
TOTAL Dom. Consumption	68	67	68	68	0	68
Ending Stocks	6	6	6	6	0	6
TOTAL DISTRIBUTION	76	75	76	76	0	76
Calendar Year Imports	25	29	25	30	0	30
Calendar Yr Imp. U.S.	1	3	1	1	0	1
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

Fish Meal Import Trade Matrix

Import Trade Matrix			
Country	Korea, Republic of		
Commodity	Meal, Fish		
Time period	Jan/Dec	Units:	1,000 MT
Imports for:	1998		1999
U.S.	3	U.S.	3
Others		Others	
Russia	10	Russia	6
EU	6	EU	4
Peru	1	Peru	9
Panama	2	Panama	1
Chile	2	Chile	6
Total for Others	21		26
Others not Listed	1		0
Grand Total	25		29

Source: Korea Customs Service (KCS)

KOREA: Soybean Meal Production

KOREA: Soybean Meal Production (MT)			
Month	MY 97/98	MY 98/99	MY 99/00
October	80,621	79,712	105,000
November	93,425	73,024	86,400
December	82,182	84,324	107,400
January	62,632	86,138	
February	64,147	52,953	
March	75,818	60,525	
April	91,067	52,568	
May	73,701	80,538	
June	76,714	72,906	
July	70,419	76,034	
August	68,751	67,596	
September	70,863	69,932	
Total	881,306	856,250	

Source: Korea Soybean Processing Association

KOREA: Feed Ingredients use for Oct/Sep

KOREA: Feed Ingredients use for Oct/Sep (1,000 MT)			
Items	MY 1997/98	MY 1998/99	MY 1999/00 a/
Total Grains and Grain Substitution	10,047 (67.6)	9,934 (68.0)	10,400 (69.0)
- Wheat	1,929 (13.0)	2,274 (15.6)	1,000 (6.6)
- Corn	5,875 (39.5)	5,560 (38.1)	6,900 (46.0)
- Others	2,243 (15.1)	2,100 (14.4)	2,500 (16.7)
Total Vegetable Protein	3,239 (21.8)	3,073 (21.0)	3,100 (20.7)
- Soybean Meal	1,627 (11.0)	1,848 (12.7)	1,800 (12.0)
- Rapeseed Meal	412 (2.8)	234 (1.6)	250 (1.7)
- Cottonseed Meal	262 (1.7)	250 (1.7)	250 (1.7)
- Others	938 (6.3)	741 (5.1)	800 (5.3)
Total Animal Protein	142 (1.0)	133 (0.9)	130 (0.9)
- Fishmeal	69 (0.5)	57 (0.4)	55 (0.4)
-Meat & Bone Meal	24 (0.2)	24 (0.2)	25 (0.2)
-Others	49 (0.3)	52 (0.4)	50 (0.3)
Total Others	1,429 (9.6)	1,467 (10.0)	1,370 (9.1)
TOTAL COMPOUND FEED	14,857 (100)	14,607 (100)	15,000 (100)

a/ Agricultural Affairs estimate. Figures in parentheses are percent of total compound feed.
Source: Korea Feed Association

KOREA: Soybean Meal Inclusion Rate for Compound Feed

KOREA: Soybean Meal Inclusion Rate for Compound Feed		
Animal Type	Soybean Meal Inclusion Rate (Percent)	MY 1998/99 Compound Feed Production (1,000M/T)
Layer	10-13	1,974
Broiler 1/	20-23	1,730
Swine	15-20	4,831
Dairy Cattle	5	1,880
Beef Cattle 2/	2	3,704
Others	9	443
Total (1,000MT)	1,848	14,563

1/ Include chicks
2/ Include Breeding Cattle

Source: America Soybean Association/Seoul

KOREA: Imports of Major Protein Meals

KOREA: Imports of Major Protein Meals (October/September marketing year)				
Commodity	MY1997/98		MY1998/99	
	Volume (MT)	Value (1,000$)	Volume (MT)	Value (1,000$)
Soybean Meal	731,125	223,927	1,097,480	177,646
Rapeseed Meal	471,795	58,335	283,164	29,183
Fish Meal	25,864	19,396	27,603	17,637
Cottonseed Meal	229,683	36,698	238,184	24,268
Sunflower Seed Meal	26,169	2,961	58,934	4,781
Linseed Meal	3	1	0	0
Copra Meal	372,795	38,906	213,848	17,484
Palm Kernel Meal	287,713	20,062	206,399	14,288
Total	2,248,437	401,189	2,125,611	285,287

Source: Korean Customs Service (KCS)

KOREA: Tariff Schedule for Oil Cake and Meals: 1998 - 2000

KOREA: Tariff Schedule for Oil Cake and Meals: 1998 - 2000				
Commodity	H.S. Code	1998	1999	2000
Soybean Meal a/	2304.00.0000	5 (2.52)	5 (2.4)	3 (2.28)
Peanut Meal	2305.00.0000	5	5	5
Cottonseed Meal	2306.10.0000	5	5	5
Linseed Meal	2306.20.0000	5	5	5
Sunflower seed Meal	2306.30.0000	5	5	5
Rapeseed Meal b/	2306.40.0000	5 (2)	5 (3)	5
Copra Meal	2306.50.0000	5	5	5
Palm Kernel Meal	2306.60.0000	5	5	5

a/ Figure in parentheses is the agreed rate under the 1993 bilateral agreement.
b/ Tariff In-Quota rate in parentheses. Out of quota tariff rate is 5 percent.

Source: Korea Customs Service (KCS)

SECTION III. TOTAL MEALS

Production

In MY 1999/00, soybean meal production is projected at 910,000 MT. Greater demand in the swine, poultry and pet food sectors are occurring as a result of the recovery in the general economy. During the Oct.-Dec. 1999 period, soybean meal output increased dramatically after a major crusher suffering financial problems during the economic crisis restarted production operation.

In MY 2000/01, soybean meal production is forecast at 950,000MT to meet expected rising demand in the livestock sector brought about by a growing economy.

In CY 2000 and CY 2001, the fishery accord with Japan is expected to lead to a reduced fish catch and yields in affected waters. Fish meal production, however, is forecast to stabilize around 40,000 MT as a larger harvest is expect from deep sea sources.

In CY 1999, fish meal production was 40,195 MT, a 9 percent decline from the year earlier total, as on/off shore fish catch and yield both declined significantly.

For MY1997/98, soybean meal production was adjusted to include output created during soy sauce processing.

Consumption

All domestically crushed and imported oilseed meal is consumed by the compound feed sector. The lone exception involves rapeseed meal, about 50,000 MT, which is used as organic fertilizer in southern citrus groves. Fish meal is mainly used for animal compound feed production.

In MY 1999/00, total vegetable protein meal consumption is projected at 3.1 MMT, slightly more than MY1998/99, as strong demand in the swine sector exceeds the lost demand caused from the contraction in the national beef cattle head.

In MY 2000/01, with the economy in full recovery, greater demand for vegetable meals in compound feed for the livestock and poultry sectors will depend on commodity prices, vis-a-vis grains, and how the domestic cattle industry reacts to market liberalization.

In MY 1998/99, vegetable protein meal disappearance declined to 3.07 MMT, down 5 percent from MY1997/98, as higher prices induced lower use of rapeseed meal, palm kernel meal and copra-based meal. The feed mix ratio for total vegetable protein decreased slightly to 21.0 percent from 21.8 percent in MY 1997/98.

Trade

In MY 1999/00, total imports of soybean meal, rapeseed meal and fishmeal are projected at 1.23 MMT, a decline of 13 percent from MY1998/99. Soybean meal imports are expected to experience greater displacement by domestic production. Korean feed millers, readily able to obtain credit with the passing of the financial crisis, reportedly have purchased 600,000 MT of soybean meal for delivery during the Oct. 1999 - June 2000 period. Soybean meal will be sourced from: India, 335,000 MT priced at US$ 170-180 per MT, C&F, and South America, 265,000 MT priced at US$ 166-181 per MT, C&F. In MY 1999/00, U.S. soybean meal has not been competitively priced.

In MY 2000/01, protein meal imports are forecast to decline to 1.2 MMT, down 4 percent from this year based on expectation of greater domestic production and higher international prices for meal.

GSM-102

In both MY1998/99 and MY 1999/00 (to date), USDA's GSM-102 program has not proved a strong enough attraction to offset the higher costs for U.S. origin meal.

Policy

Tariff

Under the U.S./Korea 1993 bilateral agreement, the tariff rate in CY2000 for imported soybean meal is set at 2.28 percent. As of CY2000, the tariff quota for rapeseed meal ceased. The government's reaction was to discontinue the preferential tariff rate program.

SECTION II. STATISTICAL TABLES OF OILS

Soybean Oil PS&D

PSD Table						
Country	Korea, Republic of					
Commodity	Oil, Soybean				(1000 MT)(PERCENT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		10/1998		10/1999		10/2000
Crush	1043	1081	1150	1150	0	1200
Extr. Rate, 999.9999	0.178332	0.177613	0.178261	0.178261	ERR	0.178333
Beginning Stocks	16	16	15	15	0	17
Production	186	192	205	205	0	214
MY Imports	130	130	120	120	0	120
MY Imp. from U.S.	117	117	100	100	0	100
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	332	338	340	340	0	351
MY Exports	5	5	5	5	0	5
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	18	18	18	18	0	18
Food Use Dom. Consump.	294	300	300	300	0	315
Feed Waste Dom. Consum	0	0	0	0	0	0
TOTAL Dom. Consumption	312	318	318	318	0	333
Ending Stocks	15	15	17	17	0	13
TOTAL DISTRIBUTION	332	338	340	340	0	351
Calendar Year Imports	130	130	120	120	0	120
Calendar Yr Imp. U.S.	120	120	100	100	0	100
Calendar Year Exports	0	6	5	5	0	5
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

Soybean Oil Import Trade Matrix:

Import Trade Matrix			
Country	Korea, Republic of		
Commodity	Oil, Soybean		
Time period	OCT/SEP	Units:	1,000 MT
Imports for:	1997		1998
U.S.	48	U.S.	117
Others		Others	
Brazil	8	Brazil	7
Argentina	0	Argentina	4
Total for Others	8		11
Others not Listed	3		2
Grand Total	59		130

Source: Korea Customs Service (KCS)

Revised Soybean Oil PS&D for MY 1997/98

Country:	Korea, Republic of	
Commodity: Oil, Soybean (1000 MT)		
Beg. Month/Year of MY	10/97	
	Revised 1997	
	Old	New
Crush	1113	1149
Extr. Rate, 999.9999	0.1778	0.1775
Beginning Stocks	32	32
Production	198	204
MY Imports	60	60
MY Imp. from U.S.	48	48
MY Imp. from the EC	0	0
TOTAL SUPPLY	290	296
MY Exports	22	22
MY Exp. to the EC	0	0
Industrial Dom. Consum	17	17
Food Use Dom. Consumption	235	241
Feed, Waste Dm. Cn	0	0
Total Dom Consumption	252	258
Ending Stocks	16	16
TOTAL DISTRIBUTION	290	296
Calendar Year Imports	64	64
Calendar Yr Imp. U.S.	57	57
Calendar Year Exports	18	18
Calendar Yr EXp. to U.S.	1	1

Palm Oil PS&D

PSD Table						
Country	Korea, Republic of					
Commodity	Oil, Palm				(1000 HA)(1000 TREES)(1000 MT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		10/1998		10/1999		10/2000
Area Planted	0	0	0	0	0	0
Area Harvested	0	0	0	0	0	0
Trees	0	0	0	0	0	0
Beginning Stocks	10	10	10	10	0	10
Production	0	0	0	0	0	0
MY Imports	180	155	185	170	0	180
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	190	165	195	180	0	190
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	25	15	25	20	0	25
Food Use Dom. Consump.	150	134	155	145	0	150
Feed Waste Consumption	5	6	5	5	0	5
TOTAL Dom. Consumption	180	155	185	170	0	180
Ending Stocks	10	10	10	10	0	10
TOTAL DISTRIBUTION	190	165	195	180	0	190
Calendar Year Imports	180	165	185	170	0	180
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

Palm Oil Import Trade Matrix

Import Trade Matrix			
Country	Korea, Republic of		
Commodity	Oil, Palm		
Time period	Oct/Sep	Units:	1,000 MT
Imports for:	1997		1998
U.S.	0	U.S.	0
Others		Others	
Malaysia	168	Malaysia	148
Indonesia	0	Indonesia	5
Singapore	1	Singapore	1
Total for Others	169		154
Others not Listed	1		1
Grand Total	170		155

Source: Korea Customs Service (KCS)

Cottonseed Oil PS&D

PSD Table						
Country	Korea, Republic of					
Commodity	Oil, Cottonseed				(1000 MT)(PERCENT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		10/1998		10/1999		10/2000
Crush	0	0	0	0	0	0
Extr. Rate, 999.9999	0	0	0	0	0	0
Beginning Stocks	0	0	0	0	0	0
Production	0	0	0	0	0	0
MY Imports	10	10	10	10	0	10
MY Imp. from U.S.	2	1	2	1	0	1
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	10	10	10	10	0	10
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consump.	10	10	10	10	0	10
Feed Waste Dom. Consum	0	0	0	0	0	0
TOTAL Dom. Consumption	10	10	10	10	0	10
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	10	10	10	10	0	10
Calendar Year Imports	10	10	10	10	0	10
Calendar Yr Imp. U.S.	2	1	2	1	0	1
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

Cottonseed Oil Import Trade Matrix

Import Trade Matrix			
Country	Korea, Republic of		
Commodity	Oil, Cottonseed		
Time period	Oct/Sep	Units:	1,000 MT
Imports for:	1997		1998
U.S.	2	U.S.	1
Others		Others	
Australia	10		9
Total for Others	10		9
Others not Listed	0		0
Grand Total	12		10

Source: Korea Customs service (KCS)

Sunflowerseed Oil PS&D

PSD Table						
Country	Korea, Republic of					
Commodity	Oil, Sunflowerseed				(1000 MT)(PERCENT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		10/1998		10/1999		10/2000
Crush	0	0	0	0	0	0
Extr. Rate, 999.9999	0	0	0	0	0	0
Beginning Stocks	0	0	0	0	0	0
Production	0	0	0	0	0	0
MY Imports	0	0	0	0	0	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	0	0	0	0	0	0
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consump.	0	0	0	0	0	0
Feed Waste Dom. Consum	0	0	0	0	0	0
TOTAL Dom. Consumption	0	0	0	0	0	0
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	0	0	0	0	0	0
Calendar Year Imports	0	0	0	0	0	0
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

KOREA: Vegetable Oil Production

KOREA: Vegetable Oil Production 1/ (Metric Ton)			
Commodities	MY 1996/97	MY 1997/98	MY 1998/99
Soybean Oil	241,453	204,597	192,440
Corn Oil	43,187	38,416	42,245
Sesame Oil	24,286	22,571	26,840
Rice Bran Oil	9,000	10,000	10,000
Rapeseed Oil	851	490	950
Perilla Oil	16,209	14,758	18,223
Fish Oil	1,000	1,000	1,000
Total	335,986	291,832	291,692

1/ Agricultural Affairs estimate
Source: Agricultural Affairs estimate, U.S. Embassy

KOREA: Soybean Oil Production

KOREA: Soybean Oil Production (MT)			
Month	MY 97/98	MY 98/99	MY 99/00
October	18,119	17,915	24,239
November	20,997	16,412	19,224
December	18,470	18,952	24,742
January	14,076	19,359	-
February	14,417	11,901	-
March	17,040	13,603	-
April	20,467	11,815	-
May	16,564	18,101	-
June	17,241	16,385	-
July	15,827	17,088	-
August	15,452	15,192	-
September	15,926	15,717	-
Total	204,597	192,440	-

Note: Soybean oil yield is at 17.8 percent.
Source: Korea Soybean Processing Association

KOREA: The Supply of Edible Oils for MY1996/97 - MY1997/98

KOREA: The Supply of Edible Oils MY1996/97 - MY1998/99 (Metric Ton)			
Commodity	MY 1996/97	MY 1997/98	MY 1998/99
Soybean Oil	290,025	257,639	322,210
Palm Oil	193,198	170,012	155,044
Corn Oil	75,672	60,740	74,183
Rapeseed Oil	11,785	6,299	7,522
Coconut Oil	65,501	39,924	42,455
Cottonseed Oil	15,625	12,485	10,247
Sesame Oil	24,286	22,686	27,279
Rice Bran Oil	15,105	13,645	13,030
Perilla Oil	16,209	14,758	18,222
Fish Oil	13,001	6,223	8,690
Sunflower Oil	465	301	292
Total	723,872	604,712	679,174

Source: Agricultural Affairs, U.S. Embassy

KOREA: Fats And Oils Utilization

KOREA: Fats And Oils Utilization (1000 MT, Oct/Sept Marketing Year)			
Commodity	1996/97	1997/98	1998/99
Soybean oil	271	258	318
Palm oil	198	170	155
Tallow	262	230	274
Corn	76	60	74
Others 1/	165	116	128
Total	972	834	939

1/ Includes: rapeseed, coconut, cottonseed, Sesame, ricebran, perillaseed, fish, sunflowerseed,etc.

Source: Agricultural Affairs, U.S. Embassy

KOREA: Fats And Oils Imports

KOREA: Fats And Oils Imports (MT & 1,000$)				
Commodity	MY 1997/98 (Oct./Sep.)		MY 1998/99 (Oct./Sep.)	
	Volume	Value	Volume	Value
Palm Oil	170,012	101,885	155,044	87,060
Tallow	32,987	15,798	87,992	37,510
Coconut Oil	39,924	24,164	42,455	31,507
Cottonseed Oil	12,485	8,263	10,247	7,400
Fish Oil	5,223	5,844	7,690	7,252
Soy Oil	59,568	38,499	129,768	72,416
Corn Oil	22,324	16,332	31,938	24,769
Rapeseed Oil	5,809	3,827	6,572	3,879
Palm Kernel Oil	5,467	3,883	9,054	6,944
Tung Oil	2,160	3,554	3,392	4,051
Lard	200	124	608	291
Rice Bran Oil	3,645	2,662	3,030	1,936
Castor Oil	1,662	2,178	2,366	3,070
Linseed Oil	3,457	2,607	3,471	2,434
Sunflower Oil	301	387	292	390
Safflower Oil	63	103	117	206
Oilve Oil	635	2,209	894	2,601
Jojoba Oil	15	352	25	505
Peanut Oil	3	14	3	11
Sesame Oil	115	340	445	1,201
Camellia Oil	5	43	1	9
Total	366,060	233,059	494,404	295,442

Source: Statistical Yearbook of Foreign Trade.

Korea: Tariff Schedule For Fats And Oils: 1998 - 2000

Korea: Tariff Schedule For Fats And Oils: 1998 - 2000 (Percent)				
Commodity	H.S. Code	1998	1999	2000
Lard	1501.00.10XX	3	3	3
Beef Tallow	1502.00.10XX	2	2	2
Other Tallow	1502.00.90XX	3	3	3
Fish Oil	1504.XX.XXXX	3	3	3
Soybean Oil a/	1507.XX.XXXX	7.56	7.20	6.84
Peanut Oil	1508.XX.XXXX	28.8	28.5	28.2
Olive Oil	1509.XX.XXXX	8	8	8
Palm Crude Oil	1511.10.0000	3	3	3
Palm Oil	1511.90.XXXX	2	2	2
Sunflower Oil a/	1512.1X.XXXX	25(15)	24	10
Safflower Oil	1512.1X.XXXX	8	8	8
Cotton Seed Oil a/	1512.2X.XXXX	7.56	7.20	6.84
Coconut Oil	1513.1X.XXXX	3	3	3
Coconut Crude Oil	1513.11.0000	3	3	3
Palm Kernel Oil	1513.2X.XXXX	5	5	5
Rapeseed Oil b/	1514.XX.XXXX	30(15)	30(10)	10
Linseed Oil	1515.1X.XXXX	8	8	8
Corn Oil	1515.2X.XXXX	8	8	8
Castor Oil	1515.30.XXXX	8	8	8
Tung Oil	1515.40.XXXX	8	8	8
Sesame Oil c/	1515.50.XXXX	40	40	40

a/ Per 1993 US/ROKG bilateral agreement.
b/ Tariff-quota rate in parentheses.
c/ Tariff rate In-Quota. Quota is 579 MT. The Out-of-Quota tariff rate is 658 percent or 12,596 Won/Kg, whichever is greater.
Source: Korea Customs Research Institute, Tariff Schedules of Korea

SECTION III. TOTAL OILS

Production

Korea processes oil from soybean, corn, rapeseed, sesame, rice bran, perillaseed and fish.

In MY 1999/2000, domestic soybean oil production is projected to increase 6 percent to meet rising market demand from the hotel/restaurant/industrial (HRI) and processed foods sectors.

In MY 2000/01, soybean oil production is forecast to continue expanding in association with improving economic condition which are driving the expansion in the HRI and processed foods sectors and improving home use environment.

For MY1997/98, soybean oil production was adjusted to include output created during soy sauce processing.

Consumption

Total oil and fat utilization in MY 1999/2000 is projected to increase as home use (cooking, salad, table, etc) and food processing (specifically for noodle production) sectors expand as personal consumption grows with the recovering economy.

In MY 1998/99, total oil and fat utilization increased to 939,000MT, up 13 percent from MY 1997/98, due to increased utilization of soybean oil and tallow in association with economic recovery. Though local production of soybean oil slowed, imports enabled soybean oil to dominate the home cooking oil market and restaurant markets. Efforts to penetrate the industrial and food processing markets focused on displacing cottonseed oil in the canning industry and palm oil in the instant noodle market. The positive price competitiveness of soybean oil afforded these marketing efforts moderate success. Soybean oil-based noodles are being marketed as a healthier alternative to the traditional palm oil-based noodle.

Palm oil is widely used by food processors for such products as instant noodles, snack foods and shortening. Palm oil (Stearin) is also widely consumed by the soap industry and the feed industry.

In MY 1998/99, the consumption of palm oil was 155,000 MT, down 9 percent from the previous year due to uncompetitive price during the first half of CY1999. Demand for use in instant noodle production slightly decreased. As the palm oil price has declined since August 1999, MY1999/2000 consumption of palm oil is expected to increase about 10 percent.

Cottonseed oil is mainly consumed in the tuna/oyster packing industry. Some imported PBSY (Prime Bleachable Summer Yellow) grade cottonseed oil is refined into cooking or salad oil. The canning industry continues to shrink.

Trade

In MY 1999/2000, Korea is expected to increase imports of fats and oils to meet rising demand in HRI, food industry and home use sector not being met through local production. Soybean oil imports should slow compared to previous year as the local crushing industry increases production. The food industry intent is to increase imports of palm oil to take advantage of bullish prices in the international market since the second half of CY1999. Trade in corn oil, used primarily in home cooking sector, is projected to shrink due to the lack of competitiveness against soybean oil.

In MY 2000/01, soybean oil imports are forecast to remain flat in reaction to stable international prices and the expectation that increases in domestic production will satisfy expansion in local market demand. Palm oil imports are forecast to increase as the food industry expands in the improving economy. Cottonseed oil should remain at the same level or drop slightly given the health of the canning industry.

In MY 1998/99, total imports of fats and oils increased to 494,404 MT, as compared to 366,060 MT in MY 1997/98. Backfilling pipelines allowed to run low during the country's economic turmoil was the main reason for the large increase in import volume. Soybean oil imports increased sharply to 129,768MT, more than double the previous year's total, to offset lower domestic production. Some imports of cottonseed oil and palm oil were displaced by the cheaper soybean oil. Attractive prices and good quality enabled U.S. soybean oil suppliers to capture 90 percent of the market in MY 1998/99.

Sunflower seed oil imports remain negligible due to the lack of consumer awareness and uncompetitive price at the retail level. Consumption is generally limited to the holiday seasons when it is sold as a gift item.

The U. S. dominates the corn oil market with a 100 percent market share while Canada takes lion share of rapeseed oil market.

Tariffs

On January 1, 2000, the government reduced to10 percent the import tariff rate on rapeseed oil and sunflower seed oil. On January 1, 2000, the tariff rate for soybean oil and cottonseed oil declined to 6.84 percent as per terms of the 1993 USG-ROKG bilateral agreement.

Marketing

Soybean oil is proving a viable substitute for palm oil in instant noodles and gaining greater consumer acceptance as a healthy vegetable oil. The American Soybean Association is working closely with domestic food processors to expand use of soybean oil in other processed products as well.

U.S. soybean oils competitive price vis-a-vis other suppliers and other oils is opening more doors for ASA's initiatives.